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C O N F I D E N T I A L SECTION 01 OF 02 VILNIUS 000502

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TAGS: [PREL](#) [PGOV](#) [LH](#)
SUBJECT: LITHUANIA'S GOVERNING COALITION COLLAPSES

REF: A. A. VILNIUS 470

[1](#)B. B. VILNIUS 469

[1](#)C. C. VILNIUS 459

Classified By: POL/ECON Officer Randolph Flay for reasons 1.4 (b/d)

SUMMARY

[1](#)1. (C) Lithuania's ruling coalition collapsed on May 31 when its biggest member, the Labor Party, withdrew. PM Brazauskas and President Adamkus met today to discuss next steps. Multiple sources indicate the PM has tendered his resignation, although the PM has not made a public announcement. We expect that the next coalition government will include a diverse and possibly unwieldy coalition of parties across the political spectrum that will not alter the principal tenets of Lithuania's activist foreign policy. A new government will take at least a week to form, but we believe that a broad reluctance among many political actors to avoid new elections will force them to form a new government in June. End Summary.

LABOR LEAVES COALITION GOVERNMENT

[1](#)2. (C) The Labor Party Presidium recalled its five Cabinet ministers and withdrew from the ruling coalition on May 31. Loreta Grauziniene, the acting chairwoman of the party, told us that President Valdas Adamkus's public statement on May 30 that he had lost confidence in two Labor Party ministers had precipitated the move. Grauziniene told us that Labor was affronted by the President's "intolerable" remarks after it had taken what it considered the constructive gesture of suspending the political responsibilities of its erstwhile leader Viktor Uspaskich, who remains beset by ongoing investigations of alleged wrongdoings (ref A). Uspaskich, meanwhile, departed for Russia more than two weeks ago as political pressure on him began to rise (ostensibly because of a death in his family). There is no indication that he intends to return to Lithuania any time soon.

[1](#)3. (C) PM Algirdas Brazauskas and President Adamkus met today to discuss the situation. Neither issued any public comment following the meeting, but media speculate (and a close Ministerial colleague of the PM confirmed) that the Prime Minister submitted his resignation. Prior to the Adamkus-Brazauskas meeting, a presidential advisor told us that the President wished to keep the PM in place until there is a new coalition agreement in place. The advisor noted that signing the Mazeiku Nafta refinery deal (ref C) was an incentive for the PM to stay on. An advisor to the PM, however, told us that the PM has finally had enough and is unlikely to stay on even in an acting capacity.

NEXT STEPS

¶4. (SBU) In a best case scenario, it will take ten days for a new coalition to emerge. The President has 15 days to submit a Prime Minister to the parliament for approval. The Prime Minister then has two weeks to select his cabinet for the President's approval and parliamentary consent. If the Parliament fails to approve the new Government within 30 days of its presentation, or if Parliament twice in succession rejects a new Government within 60 days of its presentation, new elections must take place.

¶5. (U) The composition of the next coalition government is uncertain. The Social Democrats and the Peasant Party have already begun negotiations to form a new government. MPs from several parties have stated publicly and privately that they will not work with the Labor Party in the future. The Liberal Democrats of impeached ex-President Rolandas Paksas are probably also untouchables.

¶6. (SBU) Analysts with whom we've talked speculate that the most likely coalition will involve the former coalition parties, minus the Labor Party, as well as two center-right parties. Such a configuration, with the following parties, would hold a two-seat majority in Parliament:

- Social Democratic Party (23 MPs),
- Civil Democracy Party (11 MPs),
- Peasant Party (9 MPs),
- New Union (10 MPs),
- Liberal and Center Party (8 MPs), and
- Liberal Movement (11 MPs).

¶7. (SBU) A wild card is the largest party on the right, the Conservatives, who hold 26 seats in parliament. Their leader Andrius Kubilius has ruled out participation in another

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coalition involving Brazauskas, and some believe that he will prefer to bide his time in opposition rather than involve himself in an inherently unstable coalition. But if Brazauskas leaves the scene, Kubilius may make a play for the PM's job, which he held for a brief period from 1999-2000.

Comment

¶8. (C) The political situation here is extremely fluid, and many possible permutations of a new government could emerge in the coming days. In the end, we believe that Labor's removal is positive. Although the party was never overtly hostile to U.S. interests, its shadowy connections to corruption and Russian interests were a constant distraction to the GOL. We believe that any government that emerges will maintain the central themes of Lithuanian foreign policy, which means that core U.S. interests here are unlikely to be altered by today's events.

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